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FINANCIAL SITUATION OF UNIDO

Financial situation, including arrears

Report by the Director-General

Provides information on the financial situation of UNIDO, including arrears, as at 31 December 2002, as well as on significant financial developments that affected the Organization during the first year of the biennium. A conference room paper will be issued during the session to provide updated information on the status of assessed contributions and voting rights

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Note: This document was prepared prior to the finalization of the interim financial performance and programme performance report. Should there be any significant changes, an addendum will be issued.

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

I. OVERVIEW

1. The financial situation as at 31 December 2002 can be summarized in the following major points:

(a) Regular budget net expenditures for the first year of the biennium 2002-2003 amounted to €60.2 million, or 90.1 per cent of the approved 2002 net budget estimates, as compared with 87.8 per cent in 2000 (the first year of the previous biennium);

(b) Operational budget expenditures amounted to €10.3 million in 2002, as compared with €9.8 million in 2000. Support cost and other income during 2002 amounted to €8.9 million ($9.1 million), as compared to €10.7 million ($9.5 million) in 2000;

(c) The level of regular budget cash resources (including the Working Capital Fund) was €21.1 million. In comparison, the cash balance as at 31 December 2001 and 2000 was €18.6 million and €15.3 million, respectively;

(d) The collection rate of 2002 assessed contributions was 93.1 per cent—the highest for any year since UNIDO became a specialized agency—as compared to 91.7 and 84.0 per cent respectively in 2001 and 2000;

(e) The amount of the arrears collected from prior years represented 6.5 per cent of the amount of assessed contributions for the current year. The collection rates of prior years' arrears in 2001 and 2000, as compared to the assessments of those years, were 19.4 and 16.0 per cent, respectively;

(f) Outstanding contributions amounted to €111.4 million (including arrears of €69.3 million by the United States of America, and €2.1 million by the former Yugoslavia[1])—details are given in annex I. The outstanding amounts as at 31 December 2001 and 2000 were €111.1 million and €117.6 million, respectively;

(g) The Working Capital Fund was at the level of €7,423,030; however, €76,029 was outstanding as at 31 December 2002;

(h) Interest income in excess of budgetary estimates amounting to €418,214 was credited on 1 January 2003 to eligible Member States, in accordance with the "S" curve formula, when their assessed contributions for the year 2003 were calculated;

(i) Income received from new Member States amounting to €299,793 was credited to Member States on 1 January 2003;

(j) Arrears collected against unencumbered balances of appropriations amounting to €791,258 relating to the bienniums 1992-1993, 1996-1997 and 1998-1999, received until 31 October 2002, were credited to eligible Member States when their assessed contributions for the year 2003 were calculated. As at 31 December 2002, the unencumbered balances of appropriations, mostly relating to the 2000-2001 biennium, amounted to €3.27 million. In the absence of any other decision, these balances would require crediting to eligible Member States on 1 January 2004.

2. The financial situation continues to be healthy in 2003. As at 28 February 2003, the level of regular budget cash resources (including the Working Capital Fund) was €47.5 million, as compared to the cash balance on the same date in 2002 and 2001 of €24.4 and €32.4 million, respectively. This has resulted from the excellent collection rate of 2003 assessed contributions, which was 58.1 per cent as at 28 February 2003; the highest for the same period since UNIDO became a specialized agency. As compared to this, the collection rates in February 2002 and 2001 were 28.2 and 27.1 per cent, respectively. Outstanding contributions amounted to €139.0 million (including arrears of €71.3 million by former Member States) as shown in annex II. The outstanding amounts as at 28 February 2002 and 2001 were €159.2 million and €158.7 million, respectively.

II. REGULAR AND OPERATIONAL BUDGETS, 2002-2003

3. The overall implementation of the approved regular budget for 2002-2003 started as planned. In view of the expected high collection rate of assessed contributions during 2002, as well as the healthy cash situation of the Organization at the beginning of the biennium, an average release of 97 per cent of the appropriations for 2002 was approved as compared with 91 per cent in 2000, the first year of the previous biennium. This included a 100 per cent release for staff costs, Regular Programme of Technical Cooperation (RPTC), Industrial Development Decade for Africa (IDDA) supplementary activities, field operating costs and information technology; and an average of 86 per cent under consultants, travel, meetings, operating costs and indirect costs. Net expenditures amounted to 90.1 per cent, or €60.2 million, of the approved 2002 net regular budget, as compared with 87.8 per cent, or $52 million, in 2000. The higher implementation rate in 2002 is mainly attributable to the transfer of the full RPTC appropriation from the regular budget to the new special account for RPTC and higher expenditures under IDDA supplementary activities. Higher-than-budgeted increases in salaries and related common staff costs in the Professional and higher categories were offset by decreases in expenditure levels under staff costs due to the conservative recruitment policy of maintaining a higher vacancy rate. Overall, the regular

[1] The name of the Federal Republic of Yugoslavia was changed to "Serbia and Montenegro" on 4 February 2003.

budget shows a balanced performance, which corresponds to the collection rate of assessed contributions.

4. The BMS gross appropriation was released at the level of 96.7 per cent as compared with 85 per cent in 2000. The expenditure level in 2002 amounted to €13.6 million or 73.3 per cent of the 2002 appropriations. The lower implementation reflects the delay in the asbestos removal programme due to factors beyond UNIDO's control.

5. The overall expenditure level of the operational budget in 2002 amounted to €10.3 million, as compared with €9.8 million ($8.7 million) for the same period in 2000. Operational budget income in 2002 amounted to €8.9 million ($9.1 million), resulting from technical cooperation delivery, interest income earned from the investment of surplus funds and government contributions for field offices, whereas income in 2000 amounted to €10.7 million ($9.5 million). Savings on cancellation of obligations from the prior biennium amounted to €0.6 million. The year 2002, therefore, recorded a deficit of €0.8 million. Thus, the operating reserve, which as at 1 January 2002 amounted to €3.3 million, was reduced to €2.5 million at the end of 2002. The trend during the first two months of 2003, however, shows that the reserve by the end of 2003 will be restored to at least the level at the end of 2001 (i.e. €3.3 million).

6. The delivery of technical cooperation activities as at 31 December 2002 amounted to $81.8 million, which showed an improvement of $13.1 million over the delivery of 2000 ($68.7 million), the first year of the previous biennium. However, as compared to the 2001 delivery of $84.7 million, the 2002 delivery shows a shortfall of $2.9 million, which can be primarily attributed to the non-availability of resources from the unencumbered balances of appropriations; in 2001 delivery amounting to $2.9 million was carried out from these resources. Furthermore, delivery of RPTC is traditionally lower in the first year of the biennium than the second. For instance, RPTC delivery in 2000 and 2001 amounted to $1.4 million and $5.6 million, respectively. In 2002, RPTC delivery amounted to $1.6 million. However, with the establishment of a special account for RPTC in 2002, it is expected that such a situation will be largely addressed and that RPTC delivery in future years will be more even over the biennium.

7. The technical cooperation delivery as at 28 February 2003 amounted to $27 million. As compared to this, delivery as at 28 February in 2002 and 2001 was $25.6 million and $21 million respectively.

III. ASSESSED CONTRIBUTIONS

Collections

8. A total of 77 Member States, including nine least developed countries (LDCs), have made full payments and 18 Member States, of which five were LDCs, have made partial payments of their assessed contributions for the year 2002. Collections in the period from January to December 2002, broken down by Lists of States, are shown in table 1.

Table 1. Collections, January to December 2002
(In millions of euros)

*Lists of States**	*Current year*	*Prior years*	*Total*
A	6.4	1.5	7.9
B	52.5	0.8	53.3
C	1.4	0.4	1.8
D	1.9	1.6	3.5
Others	0.0	0.0	0.0
USA	0.0	0.0	0.0
Total	**62.2**	**4.3**	**66.5**

*As contained in document GC.9/16.

Outstanding contributions

9. The detailed status of assessed contributions outstanding as at 31 December 2002 is contained in annex I to the present document, including the status of voting rights of each Member State.

10. The scale of assessment and outstanding contributions as at 31 December 2002, broken down by Lists of States, are shown in table 2.

Table 2. Scale of assessment and outstanding contributions as at 31 December 2002

	Scale of assessment (%)	*Millions of euros*		
*List of States**		*Current year*	*Prior years*	*Total*
A	10.702	0.8	5.4	6.2
B	78.573	0.0	0.0	0.0
C	7.618	3.6	16.1	19.7
D	3.102	0.2	13.4	13.6
Others	0.005	0.0	0.5	0.5
Subtotal	100.00	4.6	35.4	40.0
USA		0.0	69.3	69.3
Yugoslavia (former)		0.0	2.1	2.1
Total	**100**	**4.6**	**106.8**	**111.4**

*As contained in document GC.9/16.

11. The outstanding contributions broken down by current and prior years are shown in table 3:

Table 3. Outstanding contributions as at 31 December 2002
(In millions of euros)

	2002	*2001*	*2000*
Current year	4.6	5.5	11.0
Prior years	35.4	34.2	35.2
USA	69.3	69.3	69.3
Yugoslavia (former)	2.1	2.1	2.1
Total	**111.4**	**111.1**	**117.6**

12. As stated in document IDB.25/6, the Secretariat is closely following developments at the United Nations General Assembly regarding the arrears of the former Yugoslavia. In General Assembly resolution 57/4 B, it was decided to consider further the question of the outstanding assessed contributions of the former Yugoslavia at its fifty-eighth session. Any further information in this respect taken by the General Assembly will be conveyed to the UNIDO governing bodies for consideration.

13. In addition to the assessed contributions amounting to €69,264,731 for the period 1994 to 1996, the United States owes €956,753 for income taxes under the Tax Reimbursement Agreement, thus owing a total amount of €70,221,484.

14. Regular follow-up letters regarding these arrears are sent by the Secretariat to the Permanent Mission of the United States of America to the United Nations in Vienna, the most recent of which was dated 11 November 2002. A reply was received on 19 December 2002 stating that unfortunately the United States Government still could not provide a specific timeframe when these payments would be made. Current legislation did not allow for the allocation of funds for payment of the United States' obligations to UNIDO, nor could the Government predict when a more favourable circumstance would occur. Despite the current uncertainty, the United States remained committed to meeting its financial obligations to UNIDO.

IV. VOTING RIGHTS

15. As indicated in annex I to the present document, the voting rights of 50 Member States had been suspended as at 31 December 2002 in accordance with Article 5.2 of the Constitution and financial regulation 5.5(b), as summarized in table 4.

Table 4. Suspension of voting rights as at 31 December

	Number of Member States		
Members of	*2002*	*2001*	*2000*
General Conference	50	51	59
Industrial Development Board	1	1	5
Programme and Budget Committee	1	0	3

16. In order to restore their voting rights, these Member States must have paid their full contributions for 1999 and prior years, including advances to the Working Capital Fund, as well as a partial contribution for 2000. The minimum total amount that would have to be paid by these Member States amounts to €21,684,630.

V. IMPLEMENTATION OF RECOMMENDATIONS OF GROUP ON TIMELY PAYMENTS

Payment plans

17. Payment plans have been approved for Ukraine (€9.7 million—GC.9/Dec.12) and Azerbaijan (€1.3 million—IDB.26/Dec.4). Ukraine has already made two payments amounting to €2,048,318 and Azerbaijan one payment amounting to €129,933. Negotiations are under way with a number of other Member States to settle their arrears under payment plans.

Incentives and disincentives schemes

18. As reported in various documents, including IDB.26/9, in order to encourage Member States to make timely payments, the open-ended discussion group on timely payments of assessed contributions recommended the introduction of an incentive mechanism, based on a mathematical formula ("S" curve). Under this formula, the incentive is calculated taking into account the amount and date of payment of the current year's contributions. The incentive amount to be allocated is the amount of interest earned in excess of budgetary estimates. Funds amounting to €418,214 were credited on 1 January 2003 to eligible Member States when their assessed contributions for the year 2003 were calculated. The next incentive amount due for distribution would be on 1 January 2005, i.e. one year after the end of the current biennium.

19. In its decision IDB.26/Dec.3, the Board requested the Secretariat to ascertain from other organizations in

the United Nations system information as to the incentives and disincentives in place with regard to the payment of assessed contributions, as well as to the linki. g of such incentives and disincentives to services provided and to report thereon to the Committee at its nineteenth session. Annex III to this document provides the latest information on the incentives and disincentives in place in other organizations in the United Nations system. This information has been obtained from the Secretariat of the Chief Executives Board for Coordination.

20. The Secretariat is also following closely developments at the United Nations General Assembly. In the report of the Committee on Contributions of 2002, the Committee concluded that if the General Assembly decided to introduce interest charges on arrears, the rate should be fixed at a low level and should not have a retroactive effect. The Committee felt that this annual rate should not exceed 1 per cent.

VI. UNENCUMBERED BALANCES OF APPROPRIATIONS AND INCOME FROM NEW MEMBER STATES

Balances approved for the integrated programmes (GC.8/Res.4)

21. Documents GC.9/10 and IDB.26/2 contained detailed information on the funds approved by the General Conference (GC.8/Res.4) for the implementation of the integrated programmes amounting to $4,405,323. These funds, arising from unencumbered balances of appropriations (UB) and income from new Member States, were placed in a special account and the Secretariat has regularly kept Member States informed about the utilization of these resources. Document GC.9/10 also provided information as to some savings, which may result from the cancellation of obligations in accordance with UNIDO's financial regulations. The status of this special account as at 31 December 2002 shows that such savings amounted to $225,124. Some of these savings are required to absorb late charges coming from the UNDP field offices, which are expected to be cleared by the end of June 2003. The remaining amount in this account, should no other decision be taken by the Member States, will be transferred to general-purpose IDF funds for the exclusive purpose approved by the General Conference (GC.8/Res.4).

Amounts distributed on 1 January 2003

22. Outstanding assessed contributions received until 31 October 2002 against UB amounted to €791,258 broken down by biennium as follows: 1992-1993 (€131,749), 1996-1997 (€214,900) and 1998-1999 (€444,609). This amount was credited to eligible Member States when their assessed contributions for 2003 were calculated.

23. Furthermore, income received from new Member States (mainly from South Africa and Yugoslavia—new) amounting to €299,793 was distributed on 1 January 2003 to Member States.

Provisional UB due for distribution on 1 January 2004

24. As at 31 December 2002, the collections against UB amounted to €3,266,317, broken down by biennium as follows: €10,410 against 1998-1999 received in November 2002; and €3,255,907 against 2000-2001. In the absence of any other decision, €3,266,317 plus any additional outstanding contributions received during 2003, against the prior bienniums (1992-1993, 1996-1997, 1998-1999 and 2000-2001), will be due for distribution to eligible Member States on 1 January 2004.

25. The attention of Member States is drawn to the resolution and decision adopted by the last two sessions of the General Conference, which could facilitate a decision regarding the utilization of the UB. Resolution GC.8/Res.4, inter alia, strongly encouraged Member States to renounce their shares of unencumbered balances and authorized the Secretariat to retain these funds in a special account should no request for the surrendering of such balances be received from eligible Member States by a specified date; no further communication was required from the Secretariat. Decision GC.9/Dec.10, inter alia, strongly encouraged Member States to consider renouncing voluntarily their shares for the regular budget and/or technical cooperation activities of UNIDO, at the earliest possible opportunity. The Director-General was requested to solicit the intention of the Member States as to the utilization of these resources. Since a number of Member States had not indicated their preference by November 2001, the Board at its twenty-sixth session requested the Director-General to send a final reminder to those Member States that had not yet replied (IDB.26/Dec.3). In the same decision, the Board recommended to the General Conference that, should no response be received by 31 December 2003, the Conference allow the Secretariat to use the balances for integrated programmes or country service frameworks.

VII. IMPLEMENTATION OF A NEW FINANCIAL SYSTEM

26. As reported in various documents, including IDB.26/9, and positively commented upon by the former External Auditor in his final report (IDB.26/2), UNIDO successfully implemented the first phase of the new financial system at a total cost of about $1.7 million (€1.9 million at the exchange rate approved by the General Conference in decision GC.9/Dec.15), with no additional resources or staff. The current External Auditor in his first interim report (IDB.27/6-

PBC.19/6) also commented positively on the implementation of the financial system: "This, by all accounts, including the comments of my predecessors, was carried out particularly successfully with regard to timing and cost."

27. It is estimated that a further amount of €1.5-€2 million will be required to complete UNIDO's migration from the mainframe to modern interactive systems consisting of new human resource management, payroll, travel and a UNIDO-wide electronic document management system. These funds are included in the information and communication technology (ICT) budget for the current and the next biennium, thus no additional resources will be required. This will result in a total all-inclusive cost for the migration of all systems from the mainframe to a modern interactive system of some €3.9 million.

28. Although the scope of the system implementation may differ from organization to organization, and each organization computes IT project costs differently, a comparison with other organizations in the system of the cost of replacing all existing systems is informative. The following data are taken from a recent JIU report (JIU/REP/2002/9, "Managing Information in the United Nations System Organizations: Management Information Systems") and from the United Nations ICT Managers forum on the United Nations System CEB and HLCM site:

- UNESCO $14.5 million
- ILO $25 million
- FAO $34 million (estimated)
- UNDP $23 million (estimated)
- WFP $29 million (includes global connectivity, hardware etc.)
- UNHCR $30-40 million

VIII. ACTION REQUIRED OF THE COMMITTEE

29. The Committee may wish to recommend to the Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Takes note of the information provided in document IDB.27/10-PBC.19/10;

"(b) Urges those Member States and former Member States that have not yet paid their assessed contributions, including advances to the Working Capital Fund and prior years' arrears, to settle their constitutional obligations without delay;

"(c) Requests the Director-General to pursue his efforts and contacts with Member States to effect the collection of arrears;

"(d) ....."

Annex I

STATUS OF ASSESSED CONTRIBUTIONS TO THE REGULAR BUDGET

as at 31 December 2002 (in euros)

Country	Outstanding assessed contributions	WCF	Total due	Years	Voting rights[a]	Minimum payment to gain voting rights
AFGHANISTAN	83,462	446	83,908	1992(p)-2002	No	72,220
ALBANIA	5,165	-	5,165	2001(p)-2002	Yes	
ALGERIA	-		0	-	Yes	
ANGOLA	53		53	2002(p)	Yes	
ARGENTINA	3,600,362	1,411	3,601,773	1999(p)-2002	No	440,550
ARMENIA	912,782		912,782	1992(p)-2002	No	899,320
AUSTRIA	-	-	0	-	Yes	
AZERBAIJAN	1,139,314		1,139,314	1994(p)-2002	No[b]	1,115,480
BAHAMAS	-	-	0	-	Yes	
BAHRAIN	-	-	0	-	Yes	
BANGLADESH	-	-	0	-	Yes	
BARBADOS	-	-	0	-	Yes	
BELARUS	507,230		507,230	1998(p)-2002	No	381,600
BELGIUM	-		0	-	Yes	
BELIZE	-	-	0	-	Yes	
BENIN	5,168	-	5,168	2000(p)-2002	Yes	
BHUTAN	-	-	0	-	Yes	
BOLIVIA	7,353	75	7,428	2002	Yes	
BOSNIA AND HERZEGOVINA	218,246		218,246	1992(p)-2002	No	206,020
BOTSWANA	-		0	-	Yes	
BRAZIL	14,373,466	59,608	14,433,074	1995(p)-2002	No	9,721,560
BULGARIA	-	-	0	-	Yes	
BURKINA FASO	1,059	-	1,059	2002(p)	Yes	
BURUNDI	65,703	-	65,703	1993(p)-2002	No	63,900
CAMBODIA	2,005	149	2,154	2002	Yes	
CAMEROON	-		0	-	Yes	
CAPE VERDE	95,456		95,456	1991(p)-2002	No	91,070
CENTRAL AFRICAN REPUBLIC	110,813	-	110,813	1989(p)-2002	No	109,010
CHAD	93,920	-	93,920	1991(p)-2002	No	92,120
CHILE	161,145		161,145	2002(p)	Yes	
CHINA	-		0	-	Yes	
COLOMBIA	146,964		146,964	2002(p)	Yes	
COMOROS	133,992	-	133,992	1986(p)-2002	No	132,190
CONGO	108,698		108,698	1989(p)-2002	No	103,020
COSTA RICA	98,667	-	98,667	1994(p)-2002	No	49,800
COTE D'IVOIRE	24,638	-	24,638	2000(p)-2002	Yes	
CROATIA	-	-	0	-	Yes	
CUBA	19,245		19,245	2002(p)	Yes	
CYPRUS	-	-	0	-	Yes	
CZECH REPUBLIC	-	-	0	-	Yes	
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA	21,724		21,724	2001(p)-2002	Yes	

Country	Outstanding assessed contributions	WCF	Total due	Years	Voting rights[a]	Minimum payment to gain voting rights
DEMOCRATIC REPUBLIC OF THE CONGO	118,546		118,546	1989(p)-2002	**No**	102,450
DENMARK	-	-	0	-	Yes	
DJIBOUTI	92,898	-	92,898	1991(p)-2002	**No**	91,090
DOMINICA	1,085	-	1,085	2001(p)-2002	Yes	
DOMINICAN REPUBLIC	329,813	2,198	332,011	1986(p)-2002	**No**	283,050
ECUADOR	-	-	0	-	Yes	
EGYPT	-	-	0	-	Yes	
EL SALVADOR	158,997	1,838	160,835	1988(p)-2002	**No**	121,050
EQUATORIAL GUINEA	133,992	-	133,992	1986(p)-2002	**No**	132,190
ERITREA	47	-	47	2002(p)	Yes	
ETHIOPIA	-	-	0	-	Yes	
FIJI	-	-	0	-	Yes	
FINLAND	-		0	-	Yes	
FRANCE	-	-	0	-	Yes	
GABON	25,929		25,929	2001(p)-2002	Yes	
GAMBIA	75,377	-	75,377	1992(p)-2002	**No**	73,570
GEORGIA	1,594,398		1,594,398	1992(p)-2002	**No**	1,576,970
GERMANY	-		0	-	Yes	
GHANA	14,589		14,589	2000(p)-2002	Yes	
GREECE	-	-	0	-	Yes	
GRENADA	87,276	-	87,276	1991(p)-2002	**No**	85,470
GUATEMALA	-	-	0	-	Yes	
GUINEA	18,913	-	18,913	1998(p)-2002	**No**	11,230
GUINEA-BISSAU	116,123	-	116,123	1988(p)-2002	**No**	114,320
GUYANA	1,223	-	1,223	2001(p)-2002	Yes	
HAITI	1,938	-	1,938	2002(p)	Yes	
HONDURAS	-	-	0	-	Yes	
HUNGARY	-	-	0	-	Yes	
INDIA	-		0	-	Yes	
INDONESIA	-	-	0	-	Yes	
IRAN (ISLAMIC REPUBLIC OF)	423,255		423,255	2000(p)-2002	Yes	
IRAQ	1,573,536	7,274	1,580,810	1991(p)-2002	**No**	1,428,060
IRELAND	-	-	0	-	Yes	
ISRAEL	-	-	0	-	Yes	
ITALY	-	-	0	-	Yes	
JAMAICA	8,303		8,303	2001(p)-2002	Yes	
JAPAN	-		0	-	Yes	
JORDAN	-	-	0	-	Yes	
KAZAKHSTAN	572,565		572,565	1997(p)-2002	**No**	454,690
KENYA	15,591	75	15,666	2000(p)-2002	Yes	
KUWAIT	-	-	0	-	Yes	
KYRGYZSTAN	375,111		375,111	1993(p)-2002	**No**	362,980
LAO PEOPLE'S DEMOCRATIC REPUBLIC	-	-	0	-	Yes	
LEBANON	9,944		9,944	2002(p)	Yes	
LESOTHO	-	-	0	-	Yes	
LIBERIA	105,319		105,319	1990(p)-2002	**No**	100,930

Country	Outstanding assessed contributions	WCF	Total due	Years	Voting rights[a]	Minimum payment to gain voting rights
LIBYAN ARAB JAMAHIRIYA	132,253		132,253	2001(p)-2002	Yes	
LITHUANIA	419,152	-	419,152	1995(p)-2002	**No**	375,540
LUXEMBOURG	-	-	0	-	Yes	
MADAGASCAR	2,605	-	2,605	2002(p)	Yes	
MALAWI	36,213	-	36,213	1996(p)-2002	**No**	30,490
MALAYSIA	-	-	0	-	Yes	
MALDIVES	1,689	-	1,689	2000(p)-2002	Yes	
MALI	17,180	-	17,180	1998(p)-2002	**No**	11,460
MALTA	-	-	0	-	Yes	
MAURITANIA	113,317	-	113,317	1988(p)-2002	**No**	111,510
MAURITIUS	-	-	0	-	Yes	
MEXICO	-	-	0	-	Yes	
MONGOLIA	520		520	2002(p)	Yes	
MOROCCO	-	-	0	-	Yes	
MOZAMBIQUE	-	-	0	-	Yes	
MYANMAR	14,997		14,997	2000(p)-2002	Yes	
NAMIBIA	6,684	-	6,684	2002	Yes	
NEPAL	-	-	0	-	Yes	
NETHERLANDS	-	-	0	-	Yes	
NEW ZEALAND	-	-	0	-	Yes	
NICARAGUA	133,978	-	133,978	1986(p)-2002	**No**	132,170
NIGER	95,491		95,491	1991(p)-2002	**No**	91,110
NIGERIA	49,547		49,547	2002(p)	Yes	
NORWAY	-	-	0	-	Yes	
OMAN	-	-	0	-	Yes	
PAKISTAN	46,459	-	46,459	2002(p)	Yes	
PANAMA	-	-	0	-	Yes	
PAPUA NEW GUINEA	-	-	0	-	Yes	
PARAGUAY	49,014	803	49,817	1998(p)-2002	**No**	8,160
PERU	189,729		189,729	2001(p)-2002	Yes	
PHILIPPINES	11,898		11,898	2002(p)	Yes	
POLAND	-	-	0	-	Yes	
PORTUGAL	-	-	0	-	Yes	
QATAR	35,190		35,190	2001(p)-2002	Yes	
REPUBLIC OF KOREA	-	-	0	-	Yes	
REPUBLIC OF MOLDOVA	870,888		870,888	1993(p)-2002	**No**	849,680
ROMANIA	-	-	0	-	Yes	
RUSSIAN FEDERATION	-	-	0	-	Yes	
RWANDA	8,598	-	8,598	1999(p)-2002	**No**	6,790
SAINT KITTS AND NEVIS	-		0	-	Yes	
SAINT LUCIA	-		0	-	Yes	
SAINT VINCENT AND THE GRENADINES	110,283	-	110,283	1989(p)-2002	**No**	108,480
SAO TOME AND PRINCIPE	133,992	-	133,992	1986(p)-2002	**No**	132,190
SAUDI ARABIA	-	-	0	-	Yes	
SENEGAL	4,428		4,428	2002(p)	Yes	
SEYCHELLES	43,847	-	43,847	1995(p)-2002	**No**	38,120
SIERRA LEONE	87,683	-	87,683	1991(p)-2002	**No**	85,870

Country	Outstanding assessed contributions	WCF	Total due	Years	Voting rights[a]	Minimum payment to gain voting rights
SLOVAKIA	-	-	0	-	Yes	
SLOVENIA	257,917	1,855	259,772	1999(p)-2002	**No**	69,920
SOMALIA	133,991	-	133,991	1986(p)-2002	**No**	132,190
SOUTH AFRICA	-	-	0	-	Yes	
SPAIN	-		0	-	Yes	
SRI LANKA	336	-	336	2002(p)	Yes	
SUDAN	-		0	-	Yes	
SURINAME	39,550		39,550	1996(p)-2002	**No**	29,960
SWAZILAND	-	-	0	-	Yes	
SWEDEN	-	-	0	-	Yes	
SWITZERLAND	-		0	-	Yes	
SYRIAN ARAB REPUBLIC	-	-	0	-	Yes	
TAJIKISTAN	276,738		276,738	1993(p)-2002	**No**	268,480
THAILAND	93,391	-	93,391	2002(p)	Yes	
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	5,501	-	5,501	2001(p)-2002	Yes	
TOGO	71,810	-	71,810	1993(p)-2002	**No**	70,010
TONGA	1,238	-	1,238	2001(p)-2002	Yes	
TRINIDAD AND TOBAGO	-	-	0	-	Yes	
TUNISIA	1,101	-	1,101	2002(p)	Yes	
TURKEY	-		0	-	Yes	
TURKMENISTAN	204,966	297	205,263	1995-2002	**No**	191,130
UGANDA	-	-	0	-	Yes	
UKRAINE	7,692,010		7,692,010	1995(p)-2002	[c]	Payment plan
UNITED ARAB EMIRATES	-	-	0	-	Yes	
UNITED KINGDOM	-	-	0	-	Yes	
UNITED REPUBLIC OF TANZANIA	3,377	-	3,377	2001(p)-2002	Yes	
URUGUAY	131,814		131,814	2000(p)-2002	Yes	
UZBEKISTAN	459,359		459,359	1997(p)-2002	**No**	401,740
VANUATU	77,679	-	77,679	1992(p)-2002	**No**	75,880
VENEZUELA	146,279	-	146,279	2002(p)	Yes	
VIET NAM	-	-	0	-	Yes	
YEMEN	-	-	0	-	Yes	
YUGOSLAVIA (new)	-	-	0	-	Yes	
ZAMBIA	53,563	-	53,563	1994(p)-2002	**No**	47,840
ZIMBABWE	-	-	0	-	Yes	
Subtotal	**40,057,653**	**76,029**	**40,133,682**			21,684,630
YUGOSLAVIA (former)	2,081,816		2,081,816	1990(p)-2001	[d]	
Non-Member:	-					
UNITED STATES OF AMERICA[e]	69,264,731	0	69,264,731	1994(p)-1996		
TOTAL	**111,404,200**	**76,029**	**111,480,229**			**21,684,630**

Summary of outstanding assessed contributions by year	**EUROS**
1986/87	103,890
1988/89	192,280
1990/91	1,295,810
1992/93	2,158,448
1994/95	47,201,824
1996/97	40,325,615
1998/99	8,902,098
2000/01	6,576,722
Subtotal	106,756,722
2002	4,647,757
TOTAL	**111,404,200**

Notes:

(p)Refers to partial payment.

[a]Voting rights of 50 Member States have been suspended in accordance with Article 5.2 of the Constitution of UNIDO.

[b]In decision IDB.26/Dec.4, the Industrial Development Board approved a payment plan for Azerbaijan.

[c]In decision GC.9/Dec.12, the General Conference approved a payment plan for Ukraine, and also restored the voting rights of Ukraine in accordance with Article 5.2 of the Constitution.

[d]Outstanding contribution to be resolved.

[e]Member State of UNIDO until 31 December 1996.

Annex II

STATUS OF ASSESSED CONTRIBUTIONS TO THE REGULAR BUDGET

as at 28 February 2003 (in euros)

Country	Outstanding assessed contributions	WCF 2003	Total due	Years	Voting rights[a]	Minimum payment to gain voting rights
AFGHANISTAN	90,134	446	90,580	1992(p)-2003	**No**	74,780
ALBANIA	7,012	-	7,012	2001(p)-2003	Yes	
ALGERIA	61,014		61,014	2003(p)	Yes	
ANGOLA	1,826	-	1,826	2003(p)	Yes	
ARGENTINA	4,638,854		4,638,854	1999(p)-2003	**No**	1,482,950
ARMENIA	914,760		914,760	1992(p)-2003	**No**	905,090
AUSTRIA	881,058		881,058	2003(p)	Yes	
AZERBAIJAN	1,142,395		1,142,395	1994(p)-2003	**No**[b]	1,125,540
BAHAMAS	-		0	-	Yes	
BAHRAIN	506		506	2003(p)	Yes	
BANGLADESH	-		0	-	Yes	
BARBADOS	7,793		7,793	2003(p)	Yes	
BELARUS	523,005		523,005	1998(p)-2003	**No**	434,190
BELGIUM	1,037,335		1,037,335	2003(p)	Yes	
BELIZE	562	-	562	2003(p)	Yes	
BENIN	7,076	-	7,076	2000(p)-2003	**No**	1,280
BHUTAN	-	-	0	-	Yes	
BOLIVIA	14,666		14,666	2002(p)-2003	Yes	
BOSNIA AND HERZEGOVINA	3,392	-	3,392	2002(p)-2003	Yes	
BOTSWANA	7,425	-	7,425	2003(p)	Yes	
BRAZIL	16,554,949	81,251	16,636,200	1995(p)-2003	**No**	11,145,330
BULGARIA	10,909	-	10,909	2003(p)	Yes	
BURKINA FASO	3,026	-	3,026	2002(p)-2003	Yes	
BURUNDI	66,368	-	66,368	1993(p)-2003	**No**	64,540
CAMBODIA	4,010	73	4,083	2002(p)-2003	Yes	
CAMEROON	-	-	0	-	Yes	
CAPE VERDE	96,115	-	96,115	1991(p)-2003	**No**	93,000
CENTRAL AFRICAN REPUBLIC	111,478	-	111,478	1989(p)-2003	**No**	109,650
CHAD	94,585	-	94,585	1991(p)-2003	**No**	92,750
CHILE	354,661	1,028	355,689	2002(p)-2003	Yes	
CHINA	1,379,051		1,379,051	2003(p)	Yes	
COLOMBIA	330,788	1,459	332,247	2002(p)-2003	Yes	
COMOROS	134,657	-	134,657	1986(p)-2003	**No**	132,830
CONGO	109,354	-	109,354	1989(p)-2003	**No**	105,590
COSTA RICA	116,643	-	116,643	1994(p)-2003	**No**	65,210
COTE D'IVOIRE	32,514	-	32,514	2000(p)-2003	**No**	8,230
CROATIA	25,897	-	25,897	2003(p)	Yes	
CUBA	45,917	-	45,917	2002(p)-2003	Yes	
CYPRUS	35,174	-	35,174	2003(p)	Yes	
CZECH REPUBLIC	-	-	0	-	Yes	

Country	Outstanding assessed contributions	WCF 2003	Total due	Years	Voting rights[a]	Minimum payment to gain voting rights
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA	4,279	-	4,279	2003(p)	Yes	
DEMOCRATIC REPUBLIC OF THE CONGO	121,858	-	121,858	1989(p)-2003	**No**	108,870
DENMARK	-	-	0	-	Yes	
DJIBOUTI	93,563	-	93,563	1991(p)-2003	**No**	91,730
DOMINICA	1,734	-	1,734	2001(p)-2003	Yes	
DOMINICAN REPUBLIC	350,535	2,132	352,667	1986(p)-2003	**No**	297,180
ECUADOR			0	-	Yes	
EGYPT	71,745	-	71,745	2003(p)	Yes	
EL SALVADOR	175,708	1,784	177,492	1988-2003	**No**	132,610
EQUATORIAL GUINEA	134,657	-	134,657	1986(p)-2003	**No**	132,830
ERITREA	639	-	639	2003(p)	Yes	
ETHIOPIA	-		0	-	Yes	
FIJI	-		0	-	Yes	
FINLAND	-		0	-	Yes	
FRANCE	-		0	-	Yes	
GABON	38,458	-	38,458	2001(p)-2003	Yes	
GAMBIA	76,042	-	76,042	1992(p)-2003	**No**	74,210
GEORGIA	1,599,047	-	1,599,047	1992(p)-2003	**No**	1,583,390
GERMANY	4,500,573		4,500,573	2003(p)	Yes	
GHANA	19,150	-	19,150	2000(p)-2003	**No**	3,490
GREECE	499,420		499,420	2003(p)	Yes	
GRENADA	76,959	-	76,959	1992(p)-2003	**No**	75,130
GUATEMALA	24,652	-	24,652	2003(p)	Yes	
GUINEA	21,560	-	21,560	1998(p)-2003	**No**	13,780
GUINEA-BISSAU	116,788	-	116,788	1988(p)-2003	**No**	114,960
GUYANA	1,800	-	1,800	2001(p)-2003	Yes	
HAITI	3,817	-	3,817	2002(p)-2003	Yes	
HONDURAS	-	-	0	0	Yes	
HUNGARY	-	-	0	0	Yes	
INDIA	268,819		268,819	2003(p)	Yes	
INDONESIA	179,138		179,138	2003(p)	Yes	
IRAN (ISLAMIC REPUBLIC OF)	610,996	-	610,996	2001(p)-2003	Yes	
IRAQ	1,697,868	10,696	1,708,564	1991(p)-2003	**No**	1,461,810
IRELAND	271,970		271,970	2003(p)	Yes	
ISRAEL	372,444		372,444	2003(p)	Yes	
ITALY	4,700,434		4,700,434	2003(p)	Yes	
JAMAICA	11,530	-	11,530	2001(p)-2003	Yes	
JAPAN	-	-	0	-	Yes	
JORDAN	7,167	-	7,167	2003(p)	Yes	
KAZAKHSTAN	598,014		598,014	1997(p)-2003	**No**	500,210
KENYA	22,901		22,901	2000(p)-2003	**No**	1,890
KUWAIT	130,392		130,392	2003(p)	Yes	
KYRGYZSTAN	375,752	-	375,752	1993(p)-2003	**No**	368,760
LAO PEOPLE'S DEMOCRATIC REPUBLIC	-	-	0	-	Yes	
LEBANON	20,479	-	20,479	2002(p)-2003	Yes	

Country	Outstanding assessed contributions	WCF 2003	Total due	Years	Voting rights[a]	Minimum payment to gain voting rights
LESOTHO	571	-	571	2003(p)	Yes	
LIBERIA	105,978	-	105,978	1990(p)-2003	**No**	102,860
LIBYAN ARAB JAMAHIRIYA	190,543	-	190,543	2001(p)-2003	Yes	
LITHUANIA	434,241	-	434,241	1995(p)-2003	**No**	389,450
LUXEMBOURG	73,672		73,672	2003(p)	Yes	
MADAGASCAR	5,158		5,158	2002(p)-2003	Yes	
MALAWI	38,194		38,194	1996(p)-2003	**No**	32,400
MALAYSIA	195,707		195,707	2003(p)	Yes	
MALDIVES	577		577	2003(p)	Yes	
MALI	19,136		19,136	1998(p)-2003	**No**	13,340
MALTA	-	-	0	-	Yes	
MAURITANIA	113,982		113,982	1988(p)-2003	**No**	112,150
MAURITIUS	9,776		9,776	2003(p)	Yes	
MEXICO	957,261		957,261	2003(p)	Yes	
MONGOLIA	1,065		1,065	2002(p)-2003	Yes	
MOROCCO	38,976		38,976	2003(p)	Yes	
MOZAMBIQUE	561	-	561	2003(p)	Yes	
MYANMAR	21,557	-	21,557	2000(p)-2003	**No**	600
NAMIBIA	-	-	0	-	Yes	
NEPAL	3,226	-	3,226	2003(p)	Yes	
NETHERLANDS	-	-	0	-	Yes	
NEW ZEALAND	-	-	0	-	Yes	
NICARAGUA	134,643	-	134,643	1986(p)-2003	**No**	132,810
NIGER	96,150	-	96,150	1991(p)-2003	**No**	93,030
NIGERIA	111,356	-	111,356	2002(p)-2003	Yes	
NORWAY	593,373		593,373	2003(p)	Yes	
OMAN	-	-	0	-	Yes	
PAKISTAN	100,609		100,609	2002(p)-2003	Yes	
PANAMA	11,910	-	11,910	2003(p)	Yes	
PAPUA NEW GUINEA	5,241	-	5,241	2003(p)	Yes	
PARAGUAY	63,720	682	64,402	1998(p)-2003	**No**	21,590
PERU	296,101		296,101	2001(p)-2003	Yes	
PHILIPPINES	101,621		101,621	2002(p)-2003	Yes	
POLAND	218,926	-	218,926	2003(p)	Yes	
PORTUGAL	431,083		431,083	2003(p)	Yes	
QATAR	65,292		65,292	2001(p)-2003	Yes	
REPUBLIC OF KOREA	1,669,168		1,669,168	2003(p)	Yes	
REPUBLIC OF MOLDOVA	872,848		872,848	1993(p)-2003	**No**	859,310
ROMANIA	50,631		50,631	2003(p)	Yes	
RUSSIAN FEDERATION	-	-	0	-	Yes	
RWANDA	9,263	-	9,263	1999(p)-2003	**No**	7,430
SAINT KITTS AND NEVIS	-	-	0	-	Yes	
SAINT LUCIA	1,914	-	1,914	2003(p)	Yes	
SAINT VINCENT AND THE GRENADINES	110,948	-	110,948	1989(p)-2003	**No**	109,120
SAO TOME AND PRINCIPE	134,657	-	134,657	1986(p)-2003	**No**	132,830
SAUDI ARABIA	486,429		486,429	2003(p)	Yes	
SENEGAL	8,982	-	8,982	2002(p)-2003	Yes	

Country	Outstanding assessed contributions	WCF 2003	Total due	Years	Voting rights[a]	Minimum payment to gain voting rights
SERBIA AND MONTENEGRO[c]	18,049	-	18,049	2003(p)	Yes	
SEYCHELLES	45,828	-	45,828	1995(p)-2003	**No**	40,030
SIERRA LEONE	88,348	-	88,348	1991(p)-2003	**No**	86,520
SLOVAKIA	-	-	0	-	Yes	
SLOVENIA	331,781	1,229	333,010	1999(p)-2003	**No**	127,360
SOMALIA	134,656	-	134,656	1986(p)-2003	**No**	132,830
SOUTH AFRICA	371,241		371,241	2003(p)	Yes	
SPAIN	2,319,399		2,319,399	2003(p)	Yes	
SRI LANKA	14,862		14,862	2002(p)-2003	Yes	
SUDAN	4,615	-	4,615	2003(p)	Yes	
SURINAME	41,522	-	41,522	1996(p)-2003	**No**	33,790
SWAZILAND	-	-	0	-	Yes	
SWEDEN	-		0	0	Yes	
SWITZERLAND	-		0	-	Yes	
SYRIAN ARAB REPUBLIC	70,953		70,953	2003(p)	Yes	
TAJIKISTAN	277,388	-	277,388	1993(p)-2003	**No**	272,330
THAILAND	362,107	1,662	363,769	2002(p)-2003	Yes	
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	10,725		10,725	2001(p)-2003	Yes	
TOGO	72,475	-	72,475	1993(p)-2003	**No**	70,640
TONGA	-		0	-	Yes	
TRINIDAD AND TOBAGO	14,457	-	14,457	2003(p)	Yes	
TUNISIA	27,622		27,622	2002(p)-2003	Yes	
TURKEY	409,733		409,733	2003(p)	Yes	
TURKMENISTAN	207,640	270	207,910	1995(p)-2003	**No**	196,900
UGANDA	-	-	0	-	Yes	
UKRAINE	7,737,629	-	7,737,629	1995(p)-2003	[d]	Payment plan
UNITED ARAB EMIRATES	162,210		162,210	2003(p)	Yes	
UNITED KINGDOM	-		0	-	Yes	
UNITED REPUBLIC OF TANZANIA	6,707	-	6,707	2001(p)-2003	Yes	
URUGUAY	199,915		199,915	2000(p)-2003	**No**	7,200
UZBEKISTAN	469,275	-	469,275	1997(p)-2003	**No**	425,500
VANUATU	78,344	-	78,344	1992(p)-2003	**No**	76,510
VENEZUELA	328,131		328,131	2002(p)-2003	Yes	
VIET NAM	-	-	0	-	Yes	
YEMEN	5,563		5,563	2003(p)	Yes	
ZAMBIA	55,544	-	55,544	1994(p)-2003	**No**	49,750
ZIMBABWE	7,226	-	7,226	2003(p)	Yes	
Subtotal	**67,704,788**	**102,712**	**67,807,500**			24,328,090
YUGOSLAVIA (former)	2,081,702		2,081,702	1990(p)-2001	[e]	
Non-Member:						
UNITED STATES OF AMERICA[f]	69,228,235		69,228,235	1994(p)-1996		
TOTAL	**139,014,725**	**102,712**	**139,117,437**			**24,328,090**

Summary of outstanding assessed contributions by year	**EUROS**
1986/87	103,875
1988/89	192,229
1990/91	1,292,492
1992/93	2,089,698
1994/95	47,057,488
1996/97	40,298,834
1998/99	8,878,997
2000/01	6,480,423
2002	4,615,654
Subtotal	111,009,690
2003	28,005,035
TOTAL	**139,014,725**

Notes:

Members of the PBC without voting rights: Argentina and Côte d'Ivoire.

(p)Refers to partial payment.

[a]Voting rights of 55 Member States have been suspended in accordance with Article 5.2 of the Constitution of UNIDO.

[b]In decision IDB.26/Dec.4, the Industrial Development Board approved a payment plan for Azerbaijan.

[c]The name of the State of the Federal Republic of Yugoslavia was changed to "Serbia and Montenegro" on 4 February 2003.

[d]In decision GC.9/Dec.12, the General Conference approved a payment plan for Ukraine, and also restored the voting rights of Ukraine in accordance with Article 5.2 of the Constitution.

[e]Outstanding contribution to be resolved.

[f]Member State of UNIDO until 31 December 1996.

Annex III

INCENTIVE AND DISINCENTIVE SCHEMES IN OTHER UNITED NATIONS ORGANIZATIONS[a]

A. Incentive schemes

	Nature of scheme	Conditions of introduction	Main characteristics	Experience
ILO	Distribution to contributors of a proportion of interest and of currency forward-purchase premium earnings.	Introduced effective 1 January 1989 for experimental period of two years and continued on a permanent basis as from 1 January 1991.	(i) (a) 60 per cent of interest earned on temporarily surplus regular budget funds; ***plus*** (b) 50 per cent of net premium earned on forward purchase of US dollar requirements; (ii) Eligibility depends on Member State's being fully paid up at end of each year; (iii) *S-curve*.	Experience to date does not show any perceptible difference in collection performance.
FAO	Allocation among Member Nations of the interest income element of any cash surplus, on a weighted basis, in accordance with the amount and the timing of payment of contributions during the financial period. Discount to be credited to Member Nations for payment by 31 March of assessed contributions.	Introduced effective 1 January 1988, without time limit on applicability. Experimental test introduced effective 1 January 1993.	Applies to all interest earnings forming a part of a cash surplus. All Member Nations paying a contribution during the financial period are eligible to share in the allocation, regardless of whether the contribution paid is against arrears or current assessments, and irrespective of the status of outstanding assessments of the Member Nations at the end of the financial period. Detailed measures for the calculation of allocations have not yet been formalized. To be applied to assessed contribution of Member Nations which meet the following criteria: Payment of full assessment to 31 March, and no arrears outstanding.	In the absence of cash surpluses, Member Nations have had no real incentive under the scheme so far. Experience to date has shown little impact on the rate of receipt of contributions.
UNESCO	Distribution to Member States in accordance with timing and amounts of contributions paid of budget surpluses and all miscellaneous income except UNDP support costs.	After an initial period from 1988 to 1995, the scheme was prolonged for a further six years from 1 January 1996.	Resources consist of budget surpluses and miscellaneous income except UNDP support costs. These are distributed in accordance with the *S-curve* system to Member States that have paid their contributions in full for each year of the financial period concerned. The appropriate share of each eligible Member State is deducted from the contribution assessed on it for the second year of the subsequent financial period.	There has been little or no real incentive under the scheme in recent years. It is for that reason that the General Conference in 1995 decided to add new resources to make the scheme more attractive.
ICAO	Distribution of interest earnings.	Introduced effective 1 January 1987 for an indefinite period. First distribution 1 January 1990.	Bank interest earned on regular programme funds is distributed according to the *S-curve* formula, to Member States that have paid all or part of their contributions for the three years preceding the Assembly, and according to shares of undistributed surpluses accrued from previous years' budgets, to eligible Member States that have paid their contributions in full.	The incentive scheme has not influenced a large number of States to pay their assessed contributions in full and on time. There has been no significant change in the receipt of timely contributions.

[a] Information obtained from an updated draft under preparation by the Secretariat of the Chief Executives Board for Coordination, Geneva, Switzerland and dated 10 March 2003.

	Nature of scheme	Conditions of introduction	Main characteristics	Experience
WHO	Distribution of interest earnings to contributors.	Introduced with effect from contribution payment record for 1989, for distribution as from the budget for 1992-1993; new scheme introduced with effect from 2002.	Member States are credited with a financial incentive if they make full payment of their assessed contributions within the grace period, which is currently up to 30 April in the year payment is due. The incentive is calculated as a discount equivalent to interest calculated at 3 months LIBID for the period from the date of payment until the end of the grace period.	No positive evidence that the scheme in either its new or previous form has any effect on the promptness of payment of contributions.
UPU	Rescheduling of debts.	Resolution C 61 of the 1989 Washington Universal Postal Congress.	Negotiation of special agreements with countries with substantial arrears, bearing in mind the latters' economic situation and the Union's interests. The debts of countries which have concluded such an agreement are transferred to a special account on which no interest is payable for the reimbursement period.	As at 31 December 2002, 33 countries were benefiting from this procedure.
WMO	Distribution of interest to contributors.	Introduced effective 1 January 1988 and extended by Thirteenth Congress in May 1999 for a further period of four years from 2000-2003.	Incentive scheme will apply to that part of the cash surplus for the financial period (four years) which represents interest credited to the General Fund, other than interest earned on the Working Capital Fund. Points are calculated by *S-curve* formula taking account of any current year's contribution paid, and the date of payment. *Note*: Full payment for current year is not a condition for earning points.	There is no positive evidence that the scheme has had any effect on the promptness of payment of contributions.
IMO	Distribution of interest earnings to Member States for the payment of current year's contributions.	Interest earnings have been distributed to Member States as and when cash surpluses were available. Member States are encouraged by the Council to donate their accrued interests on the contribution incentive scheme to the Organization's technical assistance programme for developing countries. To date, many Member States have contributed their accrued interest earnings to the Organization's Technical Cooperation Fund.	Incentive points are awarded in accordance with the formula which relates the date of payment towards current year's contribution to the number of incentive points. The rules provide for the distribution of interest earnings to be made in the second year after the year for which incentive points are allocated, if there is a sufficient cash surplus in that year. If the cash surplus is not sufficient, distribution is made from the first cash surplus arising in subsequent year. The allocation is to be used first to meet any outstanding arrears of contributions of a Member. Subject to the Council's encouragement of the donation of funds to technical cooperation, the surplus allocation is used to reduce the contribution of a Member in the year when the allocation was made.	The scheme does not itself appear to have influenced the pattern of payment of Member States. However, the presence of Rules 56 *bis* and *ter* have certainly encouraged payment (see penalty section).
IAEA	Availability of share in cash surplus; and Payment plans of up to 5 years	In practice since 1959. Statutory stipulation (as amended up to December 1989).	Shares become available once contribution payments for the year to which the surplus relates are received. Immediate restoration of voting rights.	

B. Penalty (disincentive) schemes

	Nature of scheme	Conditions of introduction	Main characteristics	Experience
UPU	Charges of interest on late payments. Loss of the right to vote (Councils and Congress) and non-eligibility for membership of Councils.	Introduced by the Eighth Universal Postal Congress, Stockholm, 1924. Introduced by the Beijing Postal Congress 1999.	The annual contributory shares are payable in advance. The amounts due bear interest from the beginning of each financial year at 3 per cent per annum during the first six months and at 6 per cent per annum from the beginning of the seventh month. Interest of 5 per cent from the seventh month after the date of shipment on invoices for publications and other supplies. If the arrears of mandatory contributions are equal or more than the amount of the contributions for the preceding two financial years, the member country is subject to the loss of its voting right, unless an amortization schedule is signed or another solution found.	As at 31 December 2002, 17 members were without voting rights.
ITU	Charges of interest on late payments. Loss of the right to vote.	Since the inception of ITU; included in the International Telecommunication Convention since 1973.	The annual contributory shares are payable in advance. The amounts due bear interest from the beginning of each financial year at 3 per cent per annum during the first six months and at 6 per cent per annum from the beginning of the seventh month. A Member which is in arrears loses its right to vote for as long as the amount of its arrears equals or exceeds the amount of the contribution due from it for the preceding two years.	The total current year's contributions received by the end of the first six months has been 85 to 93 per cent and over 91 per cent in most years.
WMO	Loss of voting rights. Non-eligibility for nomination or renomination to elected offices and for membership of the Executive Council. Suspension of free quota of publications.	Resolution 37 adopted by Eleventh Congress in 1991.	Applicable to those Members who, through non-payment of their contributions are in arrears for more than two consecutive calendar years. Sanctions take effect at the beginning of third year. Resolution 37 may be suspended when a formal repayment agreement has been concluded (and provided that the provisions are adhered to), for the settlement of arrears over a period not exceeding 10 years, in addition to the payment of the current contribution in full.	As at 1 January 2003, 44 Members had lost their voting rights and six Members had complied with their signed repayment agreements.
IMO	Loss of voting right, unless waiver is requested.	Rules 56 *bis* and *ter*, adopted Nov.1991 and applied in 1993.	Rule 56 *bis* sets out in detail the procedure by which Members may request a waiver, i.e. by submitting a written application with reasons for non-payment and a payment schedule. Rule 56 *ter* states that any Member seeking election to the IMO Council should have discharged its financial obligations or have committed itself to a schedule to do so.	
IAEA	Penalty: Loss of voting rights.	Statutory stipulation (as amended up to December 1980).	If regular budget arrears exceed the total amount payable for the proceeding two years.	